

UVMMC and CVMC FY 2022 Mid-Year Budget Adjustment Request
 GMCB Staff Questions – March 29, 2022

UVMMC speaks to the increased expenses not being from an influx of patients, however, the UVM Medical Center appears to be missing budgeted revenue targets in a material way. Our figures show FY 2022 projected NPSR missing budget by 5.7%, or \$75.6M. The rate increases only recapture roughly \$28M of that projected revenue gap. Likewise, CVMC is projected to miss the FY 2022 budgeted NPSR by 8.3%, or \$16.9M and again, the rate increase will only recapture a portion of that shortfall, \$4.5M.

- Please provide quantifiable support as to how/why UVMMC and CMVC are projected to miss budgeted NPSR target.
- Please breakdown gross revenues by inpatient, outpatient, and professional services by FY 2022 budget, FY 2022 projection, and FY 2022 projection with rate increase for UVMMC and CVMC.
- Please breakout deductions from gross revenues by DSH, GME, bad debt, free care, and contractual allowances by FY 2022 budget, FY 2022 projection, and FY 2022 projection with rate increase for UVMMC and CVMC.
- Please provide support for your payer mix by FY 2022 budget, FY 2022 projection, and FY 2022 projection with rate increase, and quantify any impact that payer mix changes may be having on your projected revenue shortfalls for UVMMC and CVMC.

Please refer to the tables in the attached PDF document for responses to the above bullets.

- Please provide average length of stay (ALOS) FY 2022 budget vs. FY 2022 projection, and quantify the revenue impact of the lengthened ALOS.

	ALOS				Change from FY2019 to FY2022	
	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual YTD Jan	ALOS	%
UVMMC	5.77	5.89	6.00	6.34	0.57	9.9%
CVMC	4.81	4.80	4.47	5.38	0.57	11.9%

Higher than budgeted ALOS has an impact on revenues in two ways. 1) When ALOS increases, you have more patients that have exhausted their DRG payment (majority of payers), meaning you will not receive any more payments for that patient, but you are still generating gross charges for the services you are providing, thus the collection rate goes down. 2) When ALOS increases, you have less capacity for new admissions, which means you have fewer newly initiated DRG payments, and fewer ancillary revenues connected to that inpatient encounter, which reduces revenue. This is reflected in both UVMMC and CVMC being significantly under budget on admissions in FY 2022.

Are any funds projected to flow to New York in FY 2022 from UVMMC or CVMC?

No

Please provide the non-operating revenues and total margin by FY 2022 budget, FY 2022 projection, and FY 2022 projection with rate increase for UVMMC and CVMC.

This was provided in the responses to the first set of questions from GMCB staff.

Please provide DCOH figures for UVMMC and CVMC by FY 2022 budget, FY 2022 projection, and FY 2022 projection with rate increase and provide DCOH covenant figure.

Please note that both of these tables exclude any Medicare advance dollars.

	\$ in Thousands	<u>Cash</u>	<u>Day of Exp</u>	<u>DCOH</u>
UVMMC				
FY2021 Actual		\$763,496	\$4,137	184.6
Cash Impacts				
Hospital Operations		(\$39,121)		-9.5
Depreciation Add Back		\$69,398		16.8
Non-Ops		\$20,982		5.1
Capital Spend		(\$50,709)		-12.3
Debt Principal Payments		(\$19,837)		-4.8
Other Changes in current Assets & Liabilities		(\$32,035)		-7.7
<u>FY2022 Proj Average Daily Expense</u>		<u>N/A</u>	<u>\$4,613</u>	<u>-17.8</u>
Total Change		(\$51,322)		-30.2
FY2022 Projected (without rate request)		\$712,174		154.4

	\$ in Thousands	<u>Cash</u>	<u>Day of Exp</u>	<u>DCOH</u>
CVMC				
FY2021 Actual		\$66,103	\$667	99.1
Cash Impacts				
Hospital Operations		(\$2,943)		-4.4
Depreciation Add Back		\$7,913		11.9
Non-Ops		\$7,998		12.0
Capital Spend		(\$3,480)		-5.2
Debt Principal Payments		(\$1,881)		-2.8
Other Changes in current Assets & Liabilities		(\$14,748)		-22.1
<u>FY2022 Proj Average Daily Expense</u>		<u>N/A</u>	<u>\$718</u>	<u>-6.3</u>
Total Change		(\$7,141)		-17.0
FY2022 Projected (without rate request)		\$58,962		82.1

Please provide DSCR for UVMHC and CVHC by FY 2022 budget, FY 2022 projection, and FY 2022 projection with rate increase and provide DSCR covenant figure.

Please refer to our UVM Health Network presentation for the GACB meeting on March 30.

Please provide updated balance sheet for UVMHC and CVHC.

Please refer to the attached Excel file.

Please provide budgeted vs. projected traveling staff costs for UVMHC and CVHC.

Please provide budgeted vs. projected staffing costs (non-traveling staff) for UVMHC and CVHC.

Please provide budgeted vs. projected staffing figures for non-MDs, MLPs, resident and fellows, physician FTEs, and traveler/traveler MDs for UVMHC and CVHC.

UVMHC	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Anlzd YTD Jan
<i>Total Physician FTEs</i>	606	624	628	648	635
<i>Total Staff FTEs (Incl Travelers)</i>	6,565	6,577	6,792	7,013	7,005
Total Physician Salaries	\$146,897,784	\$154,209,618	\$170,317,775	\$184,702,984	\$187,968,555
Total Staff FTEs (Incl Travelers)	\$465,922,351	\$492,500,278	\$530,686,977	\$547,652,763	\$641,860,188
Avg Physician Salary per FTE	\$242,271	\$247,172	\$271,139	\$284,924	\$295,858
Avg Staff Salary per FTE (Incl Travelers)	\$70,973	\$74,884	\$78,133	\$78,090	\$91,622
Traveler FTEs	124	136	204	80	405
Traveler Cost	\$18,007,324	\$23,056,263	\$40,762,954	\$13,360,433	\$115,401,489
Avg Traveler Cost Per Traveler FTE	\$145,307	\$169,855	\$200,183	\$167,001	\$285,061

CVHC	FY19 Actual	FY20 Actual	FY21 Actual	FY22 Budget	FY22 Anlzd YTD Jan
<i>Total Physician FTEs</i>	91	93	93	94	94
<i>Total Staff FTEs (Incl Travelers)</i>	1,259	1,275	1,259	1,310	1,308
Total Physician Salaries	26,839,052	25,461,166	27,961,603	27,354,820	30,417,845
Total Staff FTEs (Incl Travelers)	84,833,911	86,536,630	91,219,376	94,009,231	109,893,679
Avg Physician Salary per FTE	\$294,820	\$273,089	\$300,320	\$291,951	\$322,117
Avg Staff Salary per FTE (Incl Travelers)	\$67,385	\$67,872	\$72,451	\$71,770	\$84,035
Traveler FTEs	19	15	27	16	63
Traveler Cost	2,980,691	2,637,215	6,072,776	2,830,426	17,195,121
Avg Traveler Cost Per Traveler FTE	\$160,868	\$177,525	\$228,793	\$178,420	\$271,582

How does the recent agreement with the nurses union factor into your projection for UVMMC?

The recent agreement with the nurses union is factored into the UVMMC projection.

Why do you consider the provider tax an inflationary factor? The rate of the tax is not increasing.

We consider it inflation because it increases as we increase rates, thus negating a portion of the increase we need to cover cost inflation. When we increase our rates, that does not increase the cost of salaries, supplies, etc., but it does increase the provider tax.

Specifically, to UVMMC, with reported staff salaries projected at \$635M to increase in excess of 15% from budget, how is payroll tax and fringe anticipated to decline 9%, to \$174M?

The large increase in staff salaries is driven by traveler costs, which we do not pay benefits on. Since we are projecting lower staff FTEs, that generates lower payroll tax and fringe costs.